

The Vietnamese economy: a remarkable development record

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In 1986, the Doi Moi economic reform, meaning renewal, was initiated by the Vietnamese Communist Party . From this date, the market economy was authorized, even encouraged in Vietnam (1). Since then, this country has moved from the rigidity of a planned and strongly agrarian economy to a more industrial and market-based economy (2). As of 2018, this state has a young population, a stable political system, a commitment to sustainable growth, relatively low inflation and a stable currency (3). Reform launched over thirty years ago has boosted Vietnam's economic growth and development , transforming one of the poorest countries in the world into a middle-income country (4).

A strong, stable and positive economy

In 2017, Vietnam failed to meet its annual growth target due to environmental concerns. Drought and salinization have had repercussions on the agricultural sector (5). However, the annual growth of gross domestic product (GDP) reached 6.3%, which is above the average of 5.0% of countries in Southeast Asia (6). Since 1990, Vietnam's per capita GDP growth has been among the fastest in the world. This reached an average of 6.4% per year in the 2000s (7). In addition, the country's medium-term outlook remains favorable.

The service sector, which accounts for 41.3% of the economy, continues to accelerate thanks to the sustained growth in retail trade (8). Industrial production, reaching 32.7%, remains robust despite a significant reduction in production in the oil sector (9). As regards agriculture, growth

has gradually picked up, although the recovery remains fragile (10). Agriculture represents 15.9% of Vietnam's GDP (11).

The expansion of tourism and international economic relations

In 2017, tourism represented 4.6% of Vietnam's GDP (12). This is a growing field of activity and several factors influence its development. First, Vietnam's increased Internet presence increases the attractiveness of its natural resources (13). In addition, continued economic development has led to the expansion of business travel (14). In addition, the perception of security also makes Vietnam an increasingly attractive destination for the development of its travel and tourism sector (15). Tourism primarily reflects the economic activity generated by industries such as hotels, travel agencies, airlines and other passenger transport services (16). From 2018 to 2028, it is estimated that travel and tourism will directly represent 2,295,000 jobs, an increase of 1.3% per year (17).

Vietnamese experts and analysts seek to diversify the economic development of their country, in particular by pursuing multilateral relations. With the aim of integrating into the world economy, Vietnam joined the World Trade Organization (WTO) in January 2007. In addition, between 2015 and 2016, it concluded several free trade agreements, notably with the European Union, Korea and the Eurasian Economic Union (18). In 2017, Vietnam successfully chaired the Asia-Pacific Economic Cooperation Conference (19).

In addition, the Vietnamese government recognizes the need to trigger a new wave of reforms. In order to continue with strong economic growth, he believes he has to reform state-owned enterprises, reduce red tape, reduce non-performing loans in the banking sector and increase transparency in the financial sector (20). The government says it is acting quickly, as the ratio of Vietnam's public debt to GDP is approaching the 65% ceiling imposed by the government (21).

The Vietnam currently reforming its economy by restructuring public investment, public enterprises and the banking sector. On the other hand, the Vietnamese economy has several challenges, in particular because of its high public debt. Also, the two goals of GDP growth and inflation control are often not mutually supportive. Aiming for economic growth means that the country must accept higher price inflation (22).

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